

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (08/04):**

BUTTER: Grade AA closed at \$1.1900. The weekly average for Grade AA is \$1.1833 (+.0283).

CHEESE: Barrels closed at \$1.0600 and blocks at \$1.1750. The weekly average for barrels is \$1.0580 (-.1150) and blocks, \$1.1450 (-.1185).

NONFAT DRY MILK: Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

BUTTER: The butter market tone remains mixed, with recent cash prices higher. Churning activity across the country varies depending on milk and cream volumes. Ice cream production remains seasonally active, although production schedules are edging lower. In most instances, butter stocks are fully sufficient to meet current needs. Stock levels are heavier than last year at this time. Some producers and handlers are securing additional volumes of bulk butter for future needs, especially when offered at favorable prices. Current demand is seasonally fair with most orders being placed for short term or immediate use.

CHEESE: The cheese market is weak. The cash barrel price of \$1.03 at the CME reached on August 3 is the lowest cash market price close since August 1978. Barrels are also below the CCC purchase price of \$1.07. Heavy offerings and slower barrel demand continue to pressure prices, spilling over to block prices. With many American style prices (using weekly averages) expected to decline next week, many buyers are holding back orders. Cheese production is trending lower though not yet fast enough to reduce current offerings enough to stabilize prices.

FLUID MILK: Milk production is declining in most of the Southern sections of the country where hot and, in areas, humid conditions persist. It is also hot in the Mountain States and milk output is being effected. The weather in the Pacific Northwest, Upper Midwest, and Northeast has been moderate to ideal for milk production. Milk supplies are tightening and some manufacturing plant contacts, particularly in the Eastern portion of the country, are curtailing plant schedules. Schools will soon be opening in some states and milk supplies are expected to tighten further. Also, more milk is expected to move into the Southeast as their needs increase. The fluid cream market was not as firm this week. Offerings were in better balance with the seasonally good demand.

DRY PRODUCTS: The nonfat dry milk market is mostly steady. Production is easing lower in many parts of the country. Supplies are more than adequate for current needs with the Western region the only one to offer NDM to CCC this week. The dry whey market is mixed. It is about steady to firm in the West and East, but showing more signs of weakness in the Central region. Spot demand is slow with many contacts reporting little or no interest. The WPC market is unsettled with prices starting to retreat slightly. Producers and resellers report resistance to the high prices particularly in the animal feed sector. The Lactose market tone is weaker especially on the spot, domestic market. Producer stocks are building and most have product to offer. Spot prices are lower which is helping stimulate some interest.

CCC: During the week of July 31 - August 4, net CCC purchases total 9,655,641 lbs. of nonfortified and 1,575,669 lbs. of fortified NDM. All NDM purchases for this week were sourced from the West.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):

The following are the July 2000 final prices under the Federal Milk Order pricing system: Class II \$12.58 (down \$.50 from June), Class III \$10.66 (up \$1.20); and Class IV \$11.87 (down \$.51). Product price averages used in computing Class prices are: butter \$1.1547, NDM \$1.0102, cheese \$1.2189, and dry whey \$.1909. The Class II butterfat price is \$1.2761 and the Class III/IV butterfat price is \$1.2691. Further information may be found at: www.ams.usda.gov/dairy/fmof_announce.htm

MAILBOX PRICES (DAIRY PROGRAMS): In February 2000, mailbox milk prices reported for selected Federal milk orders averaged \$11.63 per cwt., \$.21 less than the figure for the previous month. Compared to February 1999, mailbox milk prices, on average, decreased \$3.37 per cwt.

JULY AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 2000 was unchanged at 120. Compared with July 1999, the index was up five points (4.3%). The index of prices received by farmers for dairy products advanced four points during the month of July 2000 to 97. Compared with July 1999, the index was down nine points (8.5%). Prices received by farmers in July with changes from June were: for All Milk, \$12.70, up \$.50; for Fluid Grade Milk, \$12.80, up \$.50; and for Manufacturing Grade Milk, \$10.90, up \$.60.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JULY 31	TUESDAY AUGUST 1	WEDNESDAY AUGUST 2	THURSDAY AUGUST 3	FRIDAY AUGUST 4	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.0750 (-.0350)	\$1.0650 (-.0100)	\$1.0600 (-.0050)	\$1.0300 (-.0300)	\$1.0600 (+.0300)	-.0500	\$1.0580 (-.1150)
40# BLOCKS	\$1.1500 (-.0800)	\$1.1500 (N.C.)	\$1.1400 (-.0100)	\$1.1100 (-.0300)	\$1.1750 (+.0650)	-.0550	\$1.1450 (-.1185)
NONFAT DRY MILK							
EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER							
GRADE AA	\$1.1800 (+.0175)	-----	\$1.1800 (N.C.)	-----	\$1.1900 (+.0100)	-.0275	\$1.1833 (+.0283)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, JULY 31, 2000

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.0800, 1 @ \$1.0750; 1 CAR 40# BLOCKS @ \$1.1500; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.0625, 1 @ \$1.0600; 1 CAR 40# BLOCKS @ \$1.1000; OFFERS UNCOVERED: 14 CARS BARRELS: 1 @ \$1.0750, 1 @ \$1.0800, 1 @ \$1.0850, 1 @ \$1.0900, 1 @ \$1.0950, 1 @ \$1.1000, 1 @ \$1.1100, 5 @ \$1.1200, 1 @ \$1.1300, 1 @ \$1.1400; 5 CARS 40# BLOCKS: 1 @ \$1.1500, 1 @ \$1.1650, 1 @ \$1.2300, 2 @ \$1.2400
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 14 CARS GRADE AA: 1 @ \$1.1625, 1 @ \$1.1675, 1 @ \$1.1700, 1 @ \$1.1725, 2 @ \$1.1750, 2 @ \$1.1775, 2 @ \$1.1750, 3 @ \$1.1775, 1 @ \$1.1800; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 6 CARS GRADE AA: 2 @ \$1.1825, 2 @ \$1.1850, 2 @ \$1.1900

TUESDAY, AUGUST 1, 2000

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.0675, 1 @ \$1.0700, 1 @ \$1.0675; 11 CARS 40# BLOCKS: 1 @ \$1.1200, 2 @ \$1.1225, 1 @ \$1.1300, 1 @ \$1.1500, 1 @ \$1.1200, 1 @ \$1.1500, 1 @ \$1.1200, 1 @ \$1.1400, 1 @ \$1.1475, 1 @ \$1.1500; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0600; OFFERS UNCOVERED: 10 CARS BARRELS: 1 @ \$1.0650, 1 @ \$1.0675, 2 @ \$1.0700, 1 @ \$1.0725, 2 @ \$1.0750, 1 @ \$1.0775, 1 @ \$1.0800, 1 @ \$1.0850
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, AUGUST 2, 2000

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.1200; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1400; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.0600, 1 @ \$1.0700, 1 @ \$1.0750
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 37 CARS GRADE AA: 2 @ \$1.1750, 3 @ \$1.1775, 1 @ \$1.1750, 5 @ \$1.1775, 3 @ \$1.1800, 2 @ \$1.1750, 2 @ \$1.1775, 3 @ \$1.1800, 2 @ \$1.1825, 4 @ \$1.1800, 1 @ \$1.1775, 2 @ \$1.1800, 2 @ \$1.1775, 2 @ \$1.1800, 2 @ \$1.1775, 1 @ \$1.1800; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.1775, 2 @ \$1.1600; OFFERS UNCOVERED: 22 CARS GRADE AA: 5 @ \$1.1800, 3 @ \$1.1825, 7 @ \$1.1850, 4 @ \$1.1900, 3 @ \$1.2000

THURSDAY, AUGUST 3, 2000

CHEESE -- SALES: 1 CAR BARRELS @ \$1.0300; 2 CARS 40# BLOCKS: 1 @ \$1.1025, 1 @ \$1.1100; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0200; OFFERS UNCOVERED: 4 CARS BARRELS: 1 @ \$1.0400, 1 @ \$1.0600, 1 @ \$1.0650, 1 @ \$1.0800; 2 CARS 40# BLOCKS @ \$1.1400
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, AUGUST 4, 2000

CHEESE -- SALES: 7 CARS BARRELS: 1 @ \$1.0500, 1 @ \$1.0600, 1 @ \$1.0500, 1 @ \$1.0550, 3 @ \$1.0600; 6 CARS 40# BLOCKS: 1 @ \$1.1400, 2 @ \$1.1500, 1 @ \$1.1600, 1 @ \$1.1700, 1 @ \$1.1750; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.0600, 1 @ \$1.0700
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 5 CARS GRADE AA: 1 @ \$1.1775, 1 @ \$1.1800, 2 @ \$1.1850, 1 @ \$1.1900; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$1.1950, 1 @ \$1.2000, 1 @ \$1.2100, 1 @ \$1.2200

BUTTER MARKETS

NORTHEAST

Cash prices at the CME have rebounded in comparison to the weak trend last week at this time. Producers and handlers continue to question the direction of the market in the near term. Many are surprised at the most recent firming trend when looking at inventories that are well ahead of last year at this time. Production schedules in the Northeast are fairly active, although milk and cream volumes are less available to local butter operations. Buying interest continues to center around short term or immediate needs only. Most buyers are not overly concerned about butter shortages during the last half of the year. Many feel that stocks will be sufficient with prices reasonable, without a sharp increase. Sales of bulk continue to be reported at a range of 3 - 5 cents over the CME price/average.

CENTRAL

Butter markets are generally steady although the price level at the CME has firmed during recent trading sessions. Current churning activity is somewhat lighter due to lighter volumes of cream available to local butter operations. Milk production is declining seasonally and ice cream production remains seasonally quite active, limiting cream volumes. Imports of cream from Western areas have also slowed. Butter stocks are reported to be fully sufficient for the current

fair buyer interest. In most instances, orders are being placed for short term or immediate use. Most producers and handlers are quite comfortable with current inventory levels, although many are still open to purchasing additional stocks for the last half of the year. Current bulk butter is being offered in the range of 1 1/2 to 4 cents over various pricing bases.

WEST

Some contacts are noting that print orders are slowing down seasonally. Food service demand is not as aggressive and retail grocery sales seem to be in the summer doldrums to some extent. Bulk shipments across the country continue to occur on a regular basis. Hot weather across the country has now started to impact cream availability to a greater extent. Total milk receipts are down as well as the fat tests on the incoming loads. Most contacts believe that ice cream sales have one more strong push before the summer season comes to a close. CME weekly butter stocks continue to be significantly ahead of last year, but they are now declining at a much faster rate. In the last six weeks stocks have declined 14.6 million pounds compared to a reduction of only 2.5 million pounds over the same period last year. Current prices for bulk butter range from 5 cents under to 2 cents under the market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	40# BLOCKS CHEESE	BARRELS 39% MOISTURE	NDM	BUTTER	DRY WHEY
JULY 29	1.2144 6,326,532	1.1843 8,970,703	1.0096 21,322,743	1.1274 3,359,334	0.1965 6,548,467

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are unchanged on Swiss and process and higher on cheddar and Muenster. Fast food interest remains good from resort areas. Retail demand is spotty. Current cheese supplies are adequate for needs. Current cheese production is declining as milk supplies tighten seasonally.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10#Prints	:	1.3025-1.7700
Cheddar Single Daisies	:	1.2600-1.7200
Cheddar 40#Block	:	1.4050-1.5800
Process 5#Loaf	:	1.3825-1.5575
Process 5#Sliced	:	1.4025-1.6600
Muenster	:	1.4625-1.7650
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is weak. Inventory management/control remains a priority for many operations. Balancing current receipts, cheese in storage with spotty demand continues. Heavy offerings, particularly of Western origin, and spotty barrel demand, have pushed cash barrel prices at the CME back below the CCC price support price of \$1.07 per pound. The barrel weakness and the resulting wide spread has pressured block prices. Barrels were last below the support price in late May. Spot interest continues for cheese for short term needs. A few buyers are holding back orders until next week in anticipation of lower prices. Some retail features on natural cuts are aiding movement for some cutters. Process interest is generally fair at retail with food service moderate though stronger where featured. Aged cheddar demand is starting to improve seasonally, though spotty, with wide disparity on prices. Cheese production is steady to lower as milk supplies tighten.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5#Loaf	:	1.3725-1.5900
Brick And/Or Muenster 5#	:	1.5500-1.8250
Cheddar 40#Block	:	1.5500-2.1150
Monterey Jack 10#	:	1.7500-2.1150
Blue 5#	:	1.9600-2.1200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5700-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JULY 31 - AUGUST 4, 2000
BARRELS*	:	\$1.0600 - 1.1875 (NOMINAL)
	:	(-\$.1125) (-.0275)
40# BLOCKS	:	\$1.1400 - 1.3025 (NOMINAL)
	:	(-\$.0925) (.0225)

() Change from previous week. * If steel, barrel returned.

WEST

Swiss and process prices held steady while natural items showed some strength based on the increase in the average at the CME last week. This run up in price should prove to be short lived as prices have declined sharply in the interim. Buying activity is sluggish as buyers use inventory before replacing it with cheaper supplies. Contacts are not surprised at the current weakness because of very strong milk production, heavy cheese output, and record high cheese stocks. Milk futures prices are reflecting this pessimism about future cheese prices. With barrel CME prices below the support price again, contacts are wondering if offerings to the government will occur. Demand for Swiss cheese is a little slower from a seasonal point of view. Mozzarella has been strong all summer and should become even tighter as school pipelines need to be filled for the upcoming school pizza season.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5#Loaf	:	1.3250-1.5850
Cheddar 40#Block	:	1.3875-1.5275
Cheddar 10#Cuts	:	1.5675-1.7875
Monterey Jack 10#	:	1.5775-1.7375
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.4500

FOREIGN

Domestic prices are higher with imported varieties unchanged. Reports indicate that imported hard grating type prices will likely increase, especially on new arrivals from Europe. Current interest is fair at best.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.1400	1.6050-3.1000*
Gorgonzola	3.2400-5.9400	2.1600-2.4900*
Parmesan (Italy)	TFEWR	3.0200-3.0450*
Romano (Italy)	2.1000-2.5400	-0-
Provolone (Italy)	3.4400-5.5000	1.6200-1.8900*
Romano (Cows Milk)	-0-	2.7950-4.9700*
Sardo Romano (Argentina)	2.6500-3.2900	-0-
Reggianito (Argentina)	2.6500-3.2900	-0-
Jarlsberg (Brand)	2.7400-3.3100	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	2.2500-2.7500	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.0900	-0-
Gouda, Large	2.3900-3.1500	-0-
Gouda, Baby (\$/Dozen)		
10 Ounce	27.8000-31.7000	-0-

*=Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

07/31/00	34,248	:	144,185
07/01/00	32,757	:	140,036
CHANGE	1,491	:	4,149
% CHANGE	5	:	3

FLUID MILK AND CREAM

E A S T

Milk production in the East is following seasonal patterns and generally lower. In the Northeast, the milk flow is about steady, but still easing lower. Some contacts report that more farmers are leaving the business and this is causing milk receipts at some plants to fall quicker. In the Middle Atlantic area, milk output is about steady to lower as the weather remains hot and humid. Milk supplies are tighter as milk is now moving to Florida on a more regular basis. In the Southeast, milk production continues to fall as hot, humid conditions prevail. Some much needed rain has fallen across the region, but amounts are not sufficient to break the drought, nor ease the effects it has already had on pastures and crops. Florida handlers imported 24 loads this week. This compares to 30 loads last week and 142 loads this week last year. Demand for bottled milk in Florida is fairly good as many retail features are in effect. Also, some schools are having orientation this week with classes to begin next. Weekend bottlers are gearing up accordingly. Contacts anticipate milk imports to increase significantly in the next couple weeks. Elsewhere, bottled milk sales are about steady. Surplus milk volumes are lighter than desired at some locations. Cheese output is holding up very well which is taking quite a bit of milk and condensed skim. Vermont recently enacted a law prohibiting cheese makers from using imported, dry MPC. Processors are "crying foul." They are at a competitive disadvantage since cheese makers in neighboring states operate under no such regulation. The condensed skim market is firm and prices are often higher for Class III, steady on Class II. Higher Class III skim milk prices for August are causing the price increases. Demand for wet solids ranges from steady to improved. The fluid cream market is not quite as firm as it has been. Offerings are in better balance and demand from some segments of the market have eased. Spot prices are often higher, but there is some resistance. The butter price at the CME has increased in the past week and multiples are also higher this week. Ice cream production is seasonally strong at most operations. Cream cheese output is slower as some plants have curtailed output while cream prices are so high. Also, cream shipments from California are slowing as prices have jumped from the June-July levels. Churning activity is light to moderate, mostly light.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5015-1.7094
DELIVERED EQUIVALENT ATLANTA	-	1.5015-1.6632 M 1.5708-1.6401
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5824-1.6748

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0500-1.1100
NORTHEAST- CLASS III - SPOT PRICES	- .8300-1.0100

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JULY 28 - AUGUST 3, 2000	0
PREVIOUS WEEK	4
COMPARABLE WEEK IN 1999	20

Class I demand is about steady. Bottlers are starting to prepare for upcoming school business, expected to start in a few weeks, depending on location and state regulations. Federal order reform has changed the spot milk shipments reported as some shipments that would have been counted in past years are now reported as milk pooled under another order. About 45 loads of milk were reported shipped from Wisconsin to Missouri and are regularly pooled under that order last week and 37 loads this week. Also, 9 loads of Wisconsin milk were shipped to Kentucky and pooled on that order this week. Milk supplies continue to tighten. Milk shipments to Southern buyers from other Midwestern states have picked up with the start of the new month but levels seem to still be lagging year ago levels by a week or two. Spot premiums for manufacturing milk are steady to slightly higher, mostly in the \$1.50 to \$1.85 over class area despite recent weakness in cheese prices. Cream demand remains seasonally

good and reported prices are generally higher. Supplemental loads delivered from other areas of the country, including California, continue. Temperatures have moderated in the mid-tier of Midwestern states and milk supplies rebounded slightly from recent heat stressed levels. Some plant operators are reporting low protein tests, even for summer, perhaps due in part to quality problems with first cutting hay. Further north, cows have had little sustained heat stress. Daytime temperatures mainly in the 80's are followed by the 60's overnight, allowing cows recuperation time. A number of plant operators have seen minimal declines from their annual peak in milk receipts and the initial decline following the peak. Also reports of increased out of season cow freshenings continue. Reports of increased banker meetings with producers about their loan concerns, particularly with current milk prices, are noted.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUL 27 -AUG 2	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 44.00	\$ 37.00- 43.00
REPLACEMENT HEIFER CALVES	\$255.00-325.00	\$200.00-285.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUL 27 -AUG 2	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 48.00	\$ 34.00- 45.00

W E S T

The July 4a price (butter/powder) in California is \$11.85, down 38 cents from June and 60 cents lower than last year. The July 4b (cheese) is \$10.64, up 66 cents from June but \$3.32 lower than last year. Milk production is taking some modest declines in southern and central California. Sustained hot temperatures during the days are reaching over 100 degrees. Also, nighttime temperatures are staying warm, causing cow comfort to decline. Power is being disconnected for interruptible milk processing plants. These plants are businesses that sign up for a plan that gives them a break on electrical rates in exchange for the condition that electrical power can be interrupted during peak demand times. Energy officials are being quoted in local and national papers on the precarious condition of the power grid in California. Concerns are that rolling blackouts may be needed to balance energy needs in the state. Currently, some dairy plants are being shut down for several hours during peak energy needs. Generally, there is lead time to allow plants to clear the make process. The extended down times are affecting milk shipments within the state. Fluid milk demand is about steady. Some bottlers are preparing for an increase in demand associated with schools starting in the coming weeks. Cream markets are somewhat unsettled. The hot weather has affected milk volumes and fat levels of incoming milk, making for less total fat. But, cream shipments are being disrupted due to power problems. Demand is fair from ice cream producers. Sellers are trying to hold multiples at last week's levels of 115 to 132 FOB. Hot conditions remain over much of the milk producing areas of Arizona and New Mexico. Production levels are continuing to decline, but have moderated. Production problems continue for plants operating in the hot conditions. Milk production conditions remain close to ideal in the Pacific Northwest in coastal areas. Temperatures are moderate and cow stress is only slight. Milk output is holding up higher than anticipated. Eastern parts of the region are experiencing more heat stress and milk is declining more rapidly. Hay prices continue to show strength and some quality levels are not up to expectations. Many producers have most of their corn and barley needs booked for the upcoming year and are waiting on protein markets to be more favorable before booking any more. Heat is becoming much more of a factor in Utah and Idaho with milk production. Temperatures have been more than 100 degrees for most of the week and the forecast is for more of the same. Conditions are not improving much at night which is leading to much more cow stress. Milk output is falling at a faster rate. Irrigation water concerns are becoming more widespread. Some growers are looking at next year's allocation to keep crops alive this year. Hay quality in the region has been excellent because of the lack of rain hurting the curing process. Heifer demand is strong as producers continue to expand facility capacities.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 08/03/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Central NDM prices are unchanged and the market undertone remains steady. Producer offerings are in good balance in the region. Demand is good for the current offerings. There are concerns that NDM and condensed skim usage in cheese production could decline due to lower cheese prices. Low heat pricing levels are often better competitively than Western delivered powder for most buyers. Production levels are often lower, reflecting declining milk receipts. Producers' stocks are in good balance.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0100 - 1.0350 MOSTLY: 1.0150 - 1.0225

DRY BUTTERMILK - CENTRAL

Buttermilk prices are unchanged, but the market tone is more unsettled. Producer offerings are on the light to moderate side, but sellers are finding more buyer resistance at higher prices. Buyers are finding lower priced offerings on the resale market. Demand is fair at best for dry buttermilk. Condensed buttermilk movements are active.

BUTTERMILK: .9825 - 1.0200

DRY WHEY - CENTRAL

Whey prices are lower and the market tone is weaker than in recent weeks. Several producers have offered blocks of whey on the market and some have sold at the bottom end of the range. Other deals are being worked out. These producers are dealing with inventories and trying to clear excesses. Buying interest is fair at best and has slowed, although some purchasers are taking positions with the block trades at lower prices. Other buyers are somewhat reluctant to make additional purchases. Production in the region is trending seasonally lower. Stocks run the full range from light to heavy. Resellers have whey and are discounting.

NONHYGROSCOPIC: .1600 - .2050 MOSTLY: .1900 - .1975

ANIMAL FEED WHEY - CENTRAL

No price changes were reported in the animal feed whey complex. Offerings of milk replacer and roller ground are in fairly good balance with demand. Discounted resale offerings of edible whey are at competitive levels with off-grades offered from producers. Delactose markets are steady with recent weeks. Better interest is found in the food sector, but loads are still clearing to feed accounts.

MILK REPLACER: .1450 - .1900

ROLLER GROUND: .1825 - .1975

DELACTOSE (Min. 20% protein): .3750 - .4000

LACTOSE - CENTRAL AND WEST

Lactose prices are lower on the bottom end of the range, reflecting lower spot sales. The market tone is weak, especially on the spot market. Most producers have extra lactose available for sale and are discounting to move on the spot market. Some larger blocks are said to be available at biddable pricing levels. Buying interest is good, in large part to lower prices. Contract loads are also readily moving. Lactose production remains active in both the Central and West. Several comments are noted that the run up in price and production of WPC has created an excess of lactose. Stocks are moderate to heavy. Some hefty discounts are being applied to a number of feed quality loads.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1225 - .2300 MOSTLY: .1700 - .1800

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

WPC prices are steady to lower. The market tone is highly unsettled. The high market prices have created a divide between the two usage categories: food and feed. Animal feed producers are having a difficult time manufacturing a cost effective dairy-based formula using current priced WPC. Some producers are turning to non-dairy proteins, while others are begrudgingly passing some or all of the cost onto their customers. Veal producers, especially those not under any contracts for finished calves, are challenged with current high feed prices and low finished calf prices. Food buyers continue to use WPC in formulations. Producers are trying to hold prices, but premiums are generally declining. More comments about discounts being offered are surfacing. Discounting is common on the resale market. Sales there are trading 1 to 3 cents under the market. Production levels are trending slightly lower, but whey solids continue to move to WPC output. Producers' stock levels vary depending on contracted amounts and customer base, but are higher at some locations.

EXTRA GRADE 34% PROTEIN: .7475 - .8125 MOSTLY: .7725 - .7825

NONFAT DRY MILK - WEST

Western low/medium heat NDM prices are holding mostly steady in light to moderate spot trading. The market tone remains generally weak. Offerings to the CCC continue to be used to clear excess inventories. Production levels are trending seasonally lower, but some producers have or are contemplating making more butter/powder because of falling cheese prices. Producers' stocks are light to moderate. Spot trades are limited on the high heat market. Offerings and demand are in fairly close balance. During the week of July 24 - 28, CCC net purchases totaled 6.4 million pounds of nonfortified NDM and 0.9 million pounds of fortified NDM under the price support program. All purchases were from the West. For the FY 2000, starting October 1, 1999 to July 28, 2000, CCC cumulative purchases of NDM have exceeded 414.0 million pounds. This compares to 171.1 million pounds purchased the prior comparable period. There are currently no published plans of the CCC selling back NDM nor have any donation plans been made known.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9900 - 1.0225 MOSTLY: 1.0000 - 1.0100

HIGH HEAT: 1.0300 - 1.0700

DRY BUTTERMILK - WEST

Western buttermilk prices are unchanged and the market tone is steady but unsettled. Demand is seldom better than fair. Plant offerings remain light, but increased butter churning is expected as cream sales slow seasonally and better returns point to more butter/powder production. Stocks are light at the plant level, but more offerings are appearing from resale marketers.

BUTTERMILK: .8800 - .9650 MOSTLY: .8800 - .9000

DRY WHEY - WEST

Prices are holding steady for Western whey powder. Some contacts are commenting that export interest is not as aggressive as it has been because of the price increases of the past few weeks. Domestic sales are steady at good summer levels. Western contacts are looking at the slower whey markets in the rest of the country and wondering if this may be a factor for them in the future. Whey production is declining seasonally and because of some changes in the product mix at some operations. The hot and humid weather this past week has caused some concern about dryer efficiency and quality issues.

NONHYGROSCOPIC: .1725 - .2025 MOSTLY: .1800 - .1875

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
July 28	\$1.0075	14,536,151
July 21	\$1.0077	12,144,850

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are steady to higher. The market tone is quite firm. Few Eastern producers have much on hand to offer on the spot market. The combination of tighter milk supplies, growing demand for Class I milk, and continued good demand for condensed skim have kept dryers relatively inactive. A few producers are drying only when they need powder to fill contracts. Demand is holding up quite well as old DEIP orders continue to be filled. The domestic market demand is fair to good.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0175 - 1.0500 MOSTLY: 1.0300 - 1.0350

HIGH HEAT: 1.0700 - 1.1000 MOSTLY: 1.0800 - 1.0850

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged with prices remaining nominal. Few spot sales are occurring and those that do, are in a very narrow range. Production levels are lighter as churning activity has eased lower. With the lower churning, a higher percentage of the buttermilk is clearing as a liquid. Demand is fair, but some instances of price resistance have been noted. Producer inventories range light to balanced, mostly light. Few producers are able to take on new accounts as they are barely able to meet current account needs.

F.O.B. NORTHEAST: .8800 - .9000

DELVD SOUTHEAST: .9300 - .9550

DRY WHOLE MILK - NATIONAL

Prices are steady to higher as some producers adjust prices to anticipated changes in Class IV milk prices. Production is steady to lighter as milk supplies tighten seasonally. Producer stocks are closely balanced and spot demand is seldom better than fair. Contracts and export volumes are clearing most of the current output.

F.O.B. PRODUCING PLANT: 1.2050 - 1.3200

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH JULY 28, 2000
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 12,750 MT (28,108,650 LBS)

CHEESE -- 3,030 MT (6,679,938 LBS)

This program-year's allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT; heese - 3,030 MT; Butterfat - 21,097 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly steady and the market tone is steady in the East. However, reports indicate that demand is easing and offers from other regions are increasing. Producers report being sold out or closely balanced on stocks. Traders, however, report little or no spot interest in dry whey. In many cases, producers commit a good portion of their output to traders and, from the producers' stand point, see a firmer tone to the market. Traders have been commenting on the slow spot interest for dry whey for a couple weeks. In some cases, in the Midwest, producers with product to offer, have done so at discounted prices. Export interest continues and may improve if prices hold or move a little lower. Sales to animal feed makers have been reported below 19 cents.

F.O.B. NORTHEAST: EXTRA GRADE .1975 - .2050

USPH GRADE A .2000 - .2100

DELVD SOUTHEAST: .2200 - .2400

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged and the market remains highly competitive. Production levels are steady to lighter now that milk supplies are tighter in most areas of the country and Class III milk prices are expected to increase. Producer stocks are adequate to meet the mostly fill-in orders.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$20.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets remain firm with prices basically unchanged. Stocks of both rennet and acid are reported as mixed. In instances, traders and handlers indicate that supplies are sufficient for current needs while some buyers state that stocks are not as plentiful as traders/handlers are indicating. Seasonal milk production in Europe continues to edge lower and the competition for declining milk volumes is active. A strong skim milk powder market continues to pull milk away from some casein operations. Most European producers are indicating that they will be meeting commitments previously extended. In the Oceania region, the milk production season is just getting underway, thus it is still too early to project spot availability above and beyond contracted volumes.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.1800 - 2.2600

ACID: 2.1800 - 2.2900

CHICAGO MERCANTILE EXCHANGE AND NEW YORK BOARD OF TRADE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	07/19	07/20	07/21	07/24	07/25	07/26	07/27	07/28	07/31	08/01
CME - (CLASS III) MILK FUTURES -- Dollars per cwt.										
JUL 00	10.40 (1652) 15	10.40 (1641) 10	10.50 (1639) 17	10.55 (1635) 5	10.57 (1632) 25	10.60 (1634) 1	10.55 (1636) 2	10.60 (1644) 8	10.62 (1644) 0	10.62 (1644) 0
AUG 00	10.47 (1828) 39	10.52 (1808) 49	10.89 (1775) 66	11.05 (1771) 18	10.69 (1772) 32	10.80 (1784) 72	10.40 (1806) 37	10.50 (1809) 30	10.35 (1802) 32	10.25 (1803) 4
SEP 00	11.10 (1573) 48	11.13 (1539) 81	11.65 (1500) 72	11.70 (1500) 8	11.50 (1498) 8	11.25 (1554) 100	10.50 (1568) 44	10.63 (1565) 45	10.40 (1568) 47	10.30 (1567) 8
OCT 00	11.15 (1461) 19	11.24 (1461) 10	11.69 (1437) 55	11.74 (1440) 3	11.45 (1436) 11	11.35 (1452) 26	11.00 (1462) 41	11.05 (1484) 37	11.03 (1535) 93	10.84 (1565) 53
NOV 00	11.00 (871) 7	11.05 (870) 8	11.33 (863) 14	11.40 (860) 9	11.06 (862) 2	11.06 (862) 7	10.95 (872) 15	10.95 (910) 61	11.00 (922) 40	10.75 (972) 87
DEC 00	11.05 (762) 14	11.07 (764) 8	11.35 (765) 10	11.40 (770) 12	11.10 (769) 2	11.11 (777) 17	10.90 (780) 6	10.89 (779) 5	10.90 (793) 24	10.75 (794) 2
JAN 01	10.80 (120) 1	10.70 (122) 6	10.80 (122) 0	10.80 (122) 0	10.80 (124) 6	10.85 (125) 1	10.80 (130) 17	10.80 (133) 16	10.80 (162) 77	10.70 (164) 3
FEB 01	10.80 (70) 0	10.80 (70) 0	10.80 (70) 0	10.80 (70) 0	10.80 (70) 3	10.84 (72) 2	10.80 (78) 6	10.80 (85) 7	10.80 (180) 103	10.70 (184) 4
MAR 01	10.75 (69) 2	10.70 (69) 0	10.70 (69) 0	10.70 (69) 0	10.70 (69) 0	10.81 (71) 2	10.80 (74) 4	10.80 (82) 8	10.80 (174) 92	10.70 (178) 4
APR 01	10.55 (52) 1	10.60 (52) 1	10.60 (52) 0	10.60 (52) 0	10.60 (52) 0	10.61 (53) 1	10.60 (51) 4	10.60 (51) 5	10.60 (73) 27	10.60 (75) 5
MAY 01	10.60 (40) 1	10.60 (50) 10	10.55 (50) 0	10.55 (50) 0	10.55 (50) 0	10.61 (56) 8	10.60 (60) 5	10.61 (75) 20	10.60 (74) 7	10.60 (97) 28
JUN 01	10.85 (8) 1	10.86 (8) 0	10.91 (8) 0	10.91 (8) 0	10.91 (11) 3	10.91 (13) 2	10.90 (15) 12	10.94 (16) 1	10.90 (18) 2	10.90 (19) 1
CME - CLASS IV MILK FUTURES - Dollars per cwt.										
OCT 00	12.20 (47) 12	12.16 (51) 6	12.10 (51) 5	12.10 (59) 8	12.10 (67) 8	12.05 (72) 5	12.10 (77) 5	12.10 (85) 16	12.03 (162) 90	11.95 (172) 40
NOV 00	12.06 (44) 7	12.06 (50) 8	12.05 (52) 3	12.05 (65) 13	12.00 (70) 10	12.00 (78) 8	12.10 (83) 6	12.10 (46) 10	12.00 (124) 35	11.88 (163) 58
DEC 00	11.70 (24) 3	11.84 (31) 17	11.71 (34) 3	11.75 (59) 31	11.76 (60) 1	11.79 (61) 7	11.80 (61) 0	11.81 (61) 1	11.80 (78) 28	11.76 (78) 0
MAR 01	11.70 (8) 0	11.70 (8) 10	11.90 (8) 0	11.89 (8) 0	11.89 (8) 3	11.65 (8) 0	11.60 (8) 0	11.60 (1) 1	11.60 (11) 2	11.51 (12) 2
APR 01	11.75 (7) 0	11.75 (7) 10	11.90 (7) 0	11.90 (7) 0	11.90 (7) 0	11.80 (8) 1	11.65 (8) 0	11.65 (9) 1	11.60 (11) 2	11.53 (12) 1
MAY 01	11.90 (5) 0	11.90 (5) 10	11.95 (5) 0	11.95 (5) 0	11.95 (5) 0	11.95 (5) 0	11.95 (5) 0	11.95 (9) 1	11.65 (4) 0	11.90 (4) 2
CME - BUTTER FUTURES -- Cents per pound										
JUL 00	110.25 (8) 0	110.25 (8) 0								
SEP 00	113.00 (445) 7	112.50 (444) 11	113.00 (439) 9	112.25 (429) 16	112.97 (419) 12	113.52 (408) 15	114.25 (401) 9	115.25 (403) 21	115.75 (397) 6	115.25 (389) 9
OCT 00	114.75 (365) 7	114.00 (364) 7	114.50 (361) 4	113.25 (356) 5	113.77 (356) 5	114.75 (354) 4	115.50 (352) 4	116.00 (351) 13	117.50 (348) 7	116.75 (345) 8
MAR 01	108.00 (10) 0	108.00 (10) 0	108.00 (10) 0	108.00 (13) 3	110.00 (13) 0	110.00 (13) 0	110.00 (13) 0	110.00 (13) 0	110.00 (13) 0	110.00 (13) 0
MAY 01	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0
JUL 01	115.00 (3) 0	115.00 (3) 0	120.00 (3) 0	116.00 (3) 0	115.97 (3) 0	115.97 (3) 0	115.97 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0
NYBOT - MILK INDEX -- Dollars per cwt.										
JUL 00	10.35 (80) 0	10.35 (80) 0	10.40 (80) 0	10.55 (80) 0	10.56 (80) 0	10.56 (81) 1	10.56 (81) 0	10.56 (82) 1	10.56 (82) 0	10.56 (79) 0
AUG 00	10.40 (66) 0	10.50 (67) 4	10.85 (67) 3	11.05 (67) 0	10.93 (67) 0	10.88 (67) 0	10.55 (67) 0	10.55 (67) 0	10.35 (65) 2	10.25 (65) 0
SEP 00	11.30 (75) 0	11.30 (75) 0	11.60 (75) 0	11.68 (75) 0	11.60 (75) 0	11.55 (75) 0	11.00 (75) 0	10.95 (75) 0	10.50 (75) 2	10.45 (75) 0
OCT 00	11.33 (48) 0	11.33 (48) 0	11.50 (48) 0	11.70 (48) 0	11.60 (48) 0	11.55 (48) 0	11.00 (48) 0	11.00 (48) 0	11.00 (48) 0	10.90 (48) 0
NOV 00	10.88 (33) 0	11.03 (33) 0	11.30 (33) 0	11.38 (33) 0	11.30 (33) 0	11.25 (33) 0	11.05 (33) 0	11.05 (33) 0	11.00 (33) 0	10.95 (33) 0
DEC 00	10.93 (17) 0	11.05 (17) 0	11.35 (17) 0	11.35 (17) 0	11.30 (17) 0	11.25 (17) 0	11.05 (17) 0	11.05 (17) 0	11.00 (17) 0	10.95 (17) 0
JAN 01	10.90 (3) 0	10.85 (3) 0	10.85 (3) 0	10.80 (3) 0	10.80 (3) 0	10.80 (3) 0	10.60 (3) 0	10.60 (3) 0	10.55 (3) 0	10.75 (3) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. At the NYBOT open interest for milk -- 100,000 pounds per contract.

For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered July 24 - August 4, 2000

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Conditions in Europe are much the same as they have been over the past few weeks. Milk production is declining seasonally and manufactured dairy product availability is limited. As has been the case thus far during the current milk production season, much of Europe's milk production has been fully committed and continues so as the season winds down. For the most part, previously made commitments continue to be honored. Although in some instances, stocks are not as plentiful as previously anticipated, thus some producers are struggling to meet demand. Most European producers and handlers feel that stocks will be fully committed until September/October and only then will there possibly be some uncommitted stock available for spot sale. Many feel that this will probably not be the case, but hopes are running high. International buyer interest is strong especially for milk powders. Higher than desired asking prices and limited supply are the major factors limiting new sales activity out of Europe. Product availability in the international market place is not overly plentiful. The Oceania region is just getting started with its' milk production season and is not overly committing themselves on upcoming production. In the United States, stocks are available with domestic prices near world fob pricing, although delivered prices are higher than potential buyers are willing to go at this time.

BUTTER/BUTTEROIL: Butter markets are steady to firm, with prices generally unchanged. Recent dairy product price firmness in Europe is providing strength to butter prices. Stocks of butter are reported to be sufficient to meet current light demand. For the most part, stocks will be sufficient for fall needs as the time nears for stocks to move out of PSA. International butter demand is slow and unaggressive. As of yet, European traders have little indication what Russian needs will be during the upcoming winter season.

82% BUTTERFAT: 1,300 - 1,500
99% BUTTERFAT: 1,425 - 1,600

SKIM MILK POWDER (SMP): Skim milk powder markets remain firm with prices generally higher. Domestic and international buyer interest is strong for the limited supply. In most instances, European production is fully committed and very minimal amounts are available for spot sale at this time. Traders feel that it will be at least September or October before stock availability loosens and some skim powder becomes available for spot sale. Although traders hope for stock availability later this fall, many feel that this situation will probably not develop to any significance. Intervention stocks are nearly gone, thus the animal feed market may be competing with the edible market for the limited supply, thus causing prices to remain firm.

1.25% BUTTERFAT: 2,100 - 2,250

WHOLE MILK POWDER (WMP): Whole milk powder markets are firm with prices generally higher. Demand for whole milk powder remains active, but not as brisk as skim milk powder. International buyer interest is strong, although sales out of Europe are limited. Lack of available powder in the world market is giving strength to available product prices in Europe. For the most part, European stocks are fully committed and will probably remain so through the balance of the current production season, although some traders are hoping that some powder will become available later this fall.

26% BUTTERFAT: 2,000 - 2,100

SWEET WHEY POWDER: Whey powder markets are generally steady at unchanged prices. Demand for available powder is good. Stocks of powder are reported to be sufficient to meet buyer needs, although an active buyers market could tighten stock availability. Cheese production has been strong all season, but now is edging lower, typical for this time of the year. Firm skim and whole milk powder markets and limited supply are also putting pressure on available milk volumes for cheese production.

NONHYGROSCOPIC: 500 - 625

OVERVIEW: EASTERN EUROPE: Milk production in Eastern Europe continues edge seasonally lower. Reports indicate that milk volumes during the current production season have not attained levels of last year, which was also a lighter year than the previous year. In light of lower milk volumes, stocks of manufactured dairy products in Eastern Europe are quite limited. In many instances, producers and handlers are able to meet ongoing domestic and previously committed needs with minimal volumes available for new buyer interest.

OCEANIA

OVERVIEW: The new milk production season in Australia and New Zealand is beginning to develop. Calving is starting, thus milk volumes are starting to build in both countries. In New Zealand, favorable winter weather conditions have been reported, thus the start to the new production season is strong. Deregulation of the Australian milk industry began July 1. Early reports indicate that the actual impact of deregulation on milk production growth in the 2000 - 01 season might be slight with farmers exiting the industry, but not their cows. Early reports are indicating that neighboring farms are buying the cows of exiting farmers. Of more significance in Australia is low moisture levels and the potential impact it could have on milk output during the upcoming season. Water levels in two of the key reservoirs are considerably lower than they have been in quite some time. A strong snow melt is needed to replenish water levels or an early finish to the season may occur. Stocks of manufactured dairy products continue to be reported as fully committed and limited. For the most part, Oceania producers and handlers continue to fill orders with inventoried stocks from last season. Some new production is now starting to occur, but insignificant as of yet. Oceania traders are stating that buyer interest is strong for upcoming production. At this time, some future production is being committed, although most buyer interest is going unfilled. Most sales that are being booked are for ongoing/regular customer needs.

BUTTER: Oceania butter markets are basically steady. Although milk production is starting to increase in both Australia and New Zealand, butter production remains low. Orders that are being filled are occurring out of inventories from last season. Buying interest is reported as fair and most activity continues to center around regular customers. New international buyer interest is light. Oceania traders are starting to question what Russia's needs might be in the upcoming months and feel that this potential buyer interest is still a few weeks away.

82% BUTTERFAT: 1,100 - 1,200

CHEDDAR CHEESE: Oceania cheese markets are generally steady at unchanged prices. Buying interest remains quite steady. Orders continue to be filled and shipped from inventoried stocks which are getting quite limited. The new milk production is just starting, thus low inventories will once again be replenish. Producers and handlers are indicating that current buyer interest is fair and continues to center around regular/ongoing customer needs.

39% MAXIMUM MOISTURE: 1,775 - 1,850

SKIM MILK POWDER (SMP): Skim milk powder markets are steady to firm with prices unchanged to generally higher. Recent international price firmness is giving strength to Oceania powder prices. Carry over stocks from last season are reported to be fully committed and being used to fill existing order. New buyer interest is starting to develop. In some instances, producers are committing a portion of their upcoming production, but for the most part, new buyer interest is going unfilled at this time. Much of the future commitment is for regular/ongoing customers. It is still too early to project what spot availability will be from the Oceania region. Producers and handlers are indicating that milk production is just resuming and there are numerous factors that could negatively hinder milk output during the upcoming production season. In Australia, low moisture levels are already a major concern for dairy producers and milk handlers.

1.25% BUTTERFAT: 2,000 - 2,100

WHOLE MILK POWDER (WMP): Whole milk powder market are generally steady with a firm undertone. International buyer interest is not as aggressive for whole milk powder as it is for skim powder. Current orders continue to be filled with fully committed stocks from last season, although milk production is now starting to increase and new powder is soon to be generated. Some international buyers are trying to encourage Oceania producers to commit future production for their needs, although in most instances, producers will be meeting regular customer needs before committing to new buyer interest.

26% BUTTERFAT: 1,875 - 2,050

Exchange rates for selected foreign currencies: JULY 31, 2000	
.4208 Dutch Guilder	.4741 German Mark
.1414 French Franc	.4544 New Zealand Dollar
.1070 Mexican Peso	.5802 Australian Dollar
1.4990 British Pound	.0091 Japanese Yen
.2305 Polish Zloty	.9273 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1070) = 9.3457 That is 1 US Dollar equals 9.3457 Mexican Pesos.

MONTHLY SUMMARY AND AVERAGES FOR JULY 2000 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 27	REPORT NUMBER 28	REPORT NUMBER 29	REPORT NUMBER 30	REPORT NUMBER 31	2000	1999
	JUL 03 - 07	JUL 10 - 14	JUL 17 - 21	JUL 24 - 28	JUL 31	Average or Total	Average or Total

CHEESE

MIDWEST COMMODITY CHEDDAR

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-- Cheddar Barrel's      :: 1.2400 - 1.2950 :: 1.2000 - 1.2725 :: 1.1500 - 1.2125 :: 1.1725 - 1.2150 :: 1.0600 - 1.1875 :: 1.2125 : 1.5289
-- Cheddar 40# Blocks    :: 1.2625 - 1.3200 :: 1.2100 - 1.3000 :: 1.1700 - 1.2700 :: 1.2325 - 1.2800 :: 1.1400 - 1.3025 :: 1.2521 : 1.5968
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WISCONSIN (WSP, Delivered, LTL)

-- Process Ameri can 5# Loaf	: 4200 - 1.5400 :	1.4425 - 1.5400 :	1.3775 - 1.5900 :	1.3725 - 1.5900 :	1.3725 - 1.5900 :	1.4641 - 1.7418
-- Brk And/or Munster 5#	: 1.5000 - 1.8225 :	1.5000 - 1.8275 :	1.5500 - 1.7800 :	1.5500 - 1.7725 :	1.5500 - 1.8250 :	1.6641 - 1.9164
-- Cheddar 40# Black	: 1.5000 - 2.1150 :	1.5000 - 2.1150 :	1.5500 - 2.1150 :	1.5500 - 2.1150 :	1.5500 - 2.1150 :	1.8213 - 1.9563
-- Monterey Jack 10#	: 1.7000 - 2.1150 :	1.7000 - 2.1150 :	1.7500 - 2.1150 :	1.7500 - 2.1150 :	1.7500 - 2.1150 :	1.9213 - 2.2475
-- Blue 5#	: 1.9575 - 2.0700 :	1.9625 - 2.0700 :	1.9150 - 2.1200 :	1.9075 - 2.1200 :	1.9600 - 2.1200 :	2.0166 - 2.2071
-- Mozzarella 1/2 - 6#	: 1.5200 - 2.2150 :	1.5200 - 2.2150 :	1.5700 - 2.2150 :	1.5700 - 2.2150 :	1.5700 - 2.2150 :	1.8813 - 2.0413
-- Grade A Swl s Cuts 6 - 9#	: 2.0000 - 2.6850 :	2.0000 - 2.6850 :	2.0000 - 2.6850 :	2.0000 - 2.6850 :	2.0000 - 2.6850 :	2.3425 - 2.5125

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 10% Pri nts	:	: 3000 - 1.7675 :	: 1.3050 - 1.7725 :	: 1.2575 - 1.7250 :	: 1.2500 - 1.7175 :	: 1.3025 - 1.7700 :	: 1.5120 - 1.8292
-- Cheddar Single Dai sles	:	: 1.2575 - 1.7175 :	: 1.2625 - 1.7225 :	: 1.2150 - 1.6750 :	: 1.2075 - 1.6675 :	: 1.2600 - 1.7200 :	: 1.4658 - 1.8191
-- Cheddar 40% Bl ock	:	: 1.4025 - 1.5775 :	: 1.4075 - 1.5825 :	: 1.3600 - 1.5350 :	: 1.3525 - 1.5275 :	: 1.4050 - 1.5800 :	: 1.4683 - 1.7826
-- Process 5% Loaf	:	: 1.4500 - 1.6225 :	: 1.4725 - 1.6475 :	: 1.4075 - 1.5825 :	: 1.3825 - 1.5575 :	: 1.3825 - 1.5575 :	: 1.5120 - 1.7855
-- Process 5% Sh liced	:	: 1.4700 - 1.7275 :	: 1.4925 - 1.7500 :	: 1.4275 - 1.6850 :	: 1.4025 - 1.6600 :	: 1.4025 - 1.6600 :	: 1.5735 - 1.8555
-- Muenster	:	: 1.4600 - 1.7625 :	: 1.4650 - 1.7675 :	: 1.4175 - 1.7200 :	: 1.4100 - 1.7125 :	: 1.4625 - 1.7650 :	: 1.5895 - 1.9164
-- Grade A Swl s Cuts 10 - 14#	:	: 2.3500 - 2.5500 :	: 2.3500 - 2.5500 :	: 2.3500 - 2.5500 :	: 2.3500 - 2.5500 :	: 2.3500 - 2.5500 :	: 2.4850 - 2.4500

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 1.3925 - 1.6525 :: 1.4150 - 1.6750 :: 1.3500 - 1.6100 :: 1.3250 - 1.5850 :: 1.3250 - 1.5850 :: 1.4973 - 1.7775
-- Cheddar 40# Bl ock	:: 1.3850 - 1.5250 :: 1.3900 - 1.5300 :: 1.3425 - 1.4825 :: 1.3350 - 1.4750 :: 1.3875 - 1.5275 :: 1.4333 - 1.7576
-- Cheddar 10# Quts	:: 1.5650 - 1.7850 :: 1.5700 - 1.7900 :: 1.5225 - 1.7425 :: 1.5150 - 1.7350 :: 1.5675 - 1.7875 :: 1.6533 - 1.9826
-- Monterey Jack 10#	:: 1.5750 - 1.7350 :: 1.5800 - 1.7400 :: 1.5325 - 1.6925 :: 1.5250 - 1.6850 :: 1.5775 - 1.7375 :: 1.6333 - 1.9739
-- Grade A Swiss Quts 6 - 9#	:: 2.2000 - 2.4500 :: 2.2000 - 2.4500 :: 2.2000 - 2.4500 :: 2.2000 - 2.4500 :: 2.2000 - 2.4500 :: 2.3250 - 2.3550

FLUID AND DRY PRODUCTS

SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)

```
-- Northeast - f.o.b          : 1.5274 - 1.7500 :: 1.6192 - 1.7787 :: 1.5178 - 1.7600 :: 1.4698 - 1.6994 :: 1.5015 - 1.7094 :: 1.6386 - 1.8182
-- Atl mtd - dl vd. equiv.    : 1.5274 - 1.7354 :: 1.6438 - 1.7726 :: 1.5415 - 1.7194 :: 1.4930 - 1.6650 :: 1.5015 - 1.6632 :: 1.6348 - 1.7988
-- Upper Midwest - f.o.b      : 1.6229 - 1.6826 :: 1.6806 - 1.7419 :: 1.6245 - 1.6838 :: 1.5961 - 1.6536 :: 1.5824 - 1.6748 :: 1.6595 - 1.8198
```

PRICES OF CLASS II CONDENSED SKIM (\$ per lb. wet solids)

-- Northeast - f.o.b :: 1.0300 - 1.1050 :: 1.0500 - 1.1100 :: 1.0500 - 1.1100 :: 1.0500 - 1.1100 :: 1.0500 - 1.1100 :: 1.0775 : 0.9333

SPOT PRICES OF CLASS III CONDENSED SKIM (\$ per lb. wet solids)

```
-- Northeast = f.o.b          :: 0.7900 - 0.9800 :: 0.8000 - 1.0100 :: 0.8000 - 1.0100 :: 0.8000 - 1.0100 :: 0.8300 - 1.0100 :: 0.9018 : TFEWR
```

WISCONSIN FLUID MILK SHIPMENTS

Shipping Points	0	0	3	4	7	68
-----------------	---	---	---	---	---	----

NATIONAL EVAPORATED MILK (\$ per Case)

(Case - 48 - 12 fluid oz cans)

(Case = 40 = 12 fluid oz cans)									
	Case	Unit	Price	Weight	Volume	Calories	Protein	Fat	Carbs
-- Delivered Major U.S. Cities	20.0000	-33.0000	20.0000	-33.0000	20.0000	-33.0000	20.0000	-33.0000	20.0000
	26.5000		27.5000						

COMMODITY	REPORT NUMBER 27	REPORT NUMBER 28	REPORT NUMBER 29	REPORT NUMBER 30	REPORT NUMBER 31	2000	1999
	JUL 03 - 07	JUL 10 - 14	JUL 17 - 21	JUL 24 - 28	JUL 31	Average or Total	Average or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central (f.o.b.)							
-- Low/Medium Heat	:: 1.0100 - 1.0350 ::	1.0100 - 1.0350 ::	1.0100 - 1.0350 ::	1.0100 - 1.0350 ::	1.0100 - 1.0350 ::	1.0225	1.0172
-- Mostly	:: 1.0100 - 1.0200 ::	1.0100 - 1.0200 ::	1.0150 - 1.0200 ::	1.0150 - 1.0225 ::	1.0150 - 1.0225 ::	1.0168	1.0125
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.9900 - 1.0200 ::	0.9900 - 1.0225 ::	0.9900 - 1.0225 ::	0.9900 - 1.0225 ::	0.9900 - 1.0225 ::	1.0060	1.0012
-- Mostly	:: 1.0000 - 1.0100 ::	1.0000 - 1.0100 ::	1.0000 - 1.0100 ::	1.0000 - 1.0100 ::	1.0000 - 1.0100 ::	1.0050	0.9962
-- High Heat	:: 1.0300 - 1.0900 ::	1.0300 - 1.0700 ::	1.0300 - 1.0700 ::	1.0300 - 1.0700 ::	1.0300 - 1.0700 ::	1.0520	1.0300
-- Northeast (f.o.b.)							
-- Low/Medium Heat	:: 1.0200 - 1.0300 ::	1.0200 - 1.0300 ::	1.0175 - 1.0350 ::	1.0175 - 1.0500 ::	1.0175 - 1.0500 ::	1.0279	1.0217
-- Mostly	:: 1.0200 - 1.0250 ::	1.0200 - 1.0250 ::	1.0200 - 1.0300 ::	1.0250 - 1.0300 ::	1.0300 - 1.0350 ::	1.0249	1.0076
-- High Heat	:: 1.0700 - 1.1000 ::	1.0700 - 1.1000 ::	1.0700 - 1.1000 ::	1.0700 - 1.1000 ::	1.0700 - 1.1000 ::	1.0950	1.0750
-- Mostly	:: 1.0700 - 1.0800 ::	1.0700 - 1.0800 ::	1.0700 - 1.0800 ::	1.0700 - 1.0800 ::	1.0800 - 1.0850 ::	1.0754	1.0500
-- Southeast (Del vd)							
-- Extra & Grade A	:: 1.0300 - 1.1100 ::	1.0300 - 1.1100 ::	1.0300 - 1.1100 ::	1.0300 - 1.1100 ::	1.0300 - 1.1100 ::	1.0700	1.0806
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)							
-- Mostly	:: 0.1925 - 0.2050 ::	0.1900 - 0.2050 ::	0.1900 - 0.2050 ::	0.1900 - 0.2050 ::	0.1600 - 0.2050 ::	0.1970	0.1809
-- West (f.o.b.)							
-- Mostly	:: 0.1925 - 0.1975 ::	0.1950 - 0.2000 ::	0.1950 - 0.2000 ::	0.1950 - 0.2000 ::	0.1900 - 0.1975 ::	0.1968	0.1762
-- West (f.o.b.)							
-- Mostly	:: 0.1725 - 0.1950 ::	0.1725 - 0.1950 ::	0.1725 - 0.2000 ::	0.1725 - 0.2025 ::	0.1725 - 0.2025 ::	0.1855	0.1780
-- Mostly	:: 0.1750 - 0.1800 ::	0.1750 - 0.1825 ::	0.1775 - 0.1850 ::	0.1800 - 0.1875 ::	0.1800 - 0.1875 ::	0.1806	0.1723
-- Northeast Extra Grade (f.o.b.)	:: 0.1900 - 0.2025 ::	0.1950 - 0.2050 ::	0.1975 - 0.2050 ::	0.1975 - 0.2050 ::	0.1975 - 0.2050 ::	0.1999	0.1809
-- Northeast Upsh Grade A(f.o.b.)	:: 0.1975 - 0.2025 ::	0.1975 - 0.2100 ::	0.2000 - 0.2100 ::	0.2000 - 0.2100 ::	0.2000 - 0.2100 ::	0.2037	0.2240
-- Southeast Extra Grade (Del vd)	:: 0.2200 - 0.2400 ::	0.2200 - 0.2400 ::	0.2200 - 0.2400 ::	0.2200 - 0.2400 ::	0.2200 - 0.2400 ::	0.2300	0.2098
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.7575 - 0.7975 ::	0.7500 - 0.8025 ::	0.7500 - 0.8125 ::	0.7725 - 0.8125 ::	0.7475 - 0.8125 ::	0.7820	0.4365
-- Mostly	:: 0.7575 - 0.7875 ::	0.7725 - 0.7925 ::	0.7725 - 0.7925 ::	0.7725 - 0.7925 ::	0.7725 - 0.7825 ::	0.7803	0.4505
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.1725 - 0.1900 ::	0.1500 - 0.1900 ::	0.1500 - 0.1900 ::	0.1450 - 0.1900 ::	0.1450 - 0.1900 ::	0.1715	0.1561
-- Roller Ground	:: 0.1775 - 0.1925 ::	0.1800 - 0.1950 ::	0.1825 - 0.1975 ::	0.1825 - 0.1975 ::	0.1825 - 0.1975 ::	0.1884	0.1750
-- Dicalcase	:: 0.3650 - 0.3700 ::	0.3700 - 0.4000 ::	0.3750 - 0.4000 ::	0.3750 - 0.4000 ::	0.3750 - 0.4000 ::	0.3829	0.2875
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)							
-- West (f.o.b.)	:: 0.9425 - 0.9750 ::	0.9575 - 1.0075 ::	0.9825 - 1.0200 ::	0.9825 - 1.0200 ::	0.9825 - 1.0200 ::	0.9881	0.7273
-- Mostly	:: 0.8600 - 0.9200 ::	0.8700 - 0.9400 ::	0.8800 - 0.9650 ::	0.8800 - 0.9650 ::	0.8800 - 0.9650 ::	0.9116	0.6942
-- Mostly	:: 0.8700 - 0.8800 ::	0.8					

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR JULY 2000

COMMODITY	REPORT NUMBER 27: JUL 3 - 7	REPORT NUMBER 28: JUL 10 - 14	REPORT NUMBER 29: JUL 17 - 21	REPORT NUMBER 30: JUL 24 - 28	REPORT NUMBER 31: JUL 31	2000 * Monthly Average	1999 * Monthly Average
BUTTER*							
-- GRADE AA							
--Monday	1.2575	1.1900	1.1500	1.1475	1.1800		
--Tuesday							
--Wednesday	1.2300	1.1900	1.1475	1.1550			
--Thursday							
--Friday	1.1925	1.1775	1.1475	1.1625		1.1790	1.3325
--Weekly Average**	1.2267	1.1858	1.1483	1.1550			
CHEESE*							
-- BARRELS							
--Monday	1.2800	1.2100	1.1900	1.2150	1.0750		
--Tuesday	#	1.1900	1.1650	1.2050			
--Wednesday	1.2800	1.1900	1.1600	1.1900			
--Thursday	1.2800	1.2000	1.1450	1.1450			
--Friday	1.2100	1.1925	1.2000	1.1100		1.1916	1.5618
--Weekly Average**	1.2625	1.1965	1.1720	1.1730			
-- 40# BLOCKS							
--Monday	1.2750	1.2000	1.2200	1.2800	1.1500		
--Tuesday	#	1.2200	1.2175	1.2800			
--Wednesday	1.2800	1.2300	1.1700	1.2800			
--Thursday	1.2650	1.2250	1.2000	1.2475			
--Friday	1.2500	1.2200	1.2500	1.2300		1.2345	1.6307
--Weekly Average**	1.2675	1.2190	1.2115	1.2635			
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Tuesday	#	1.0300	1.0300	1.0300			
--Wednesday	1.0300	1.0300	1.0300	1.0300			
--Thursday	1.0300	1.0300	1.0300	1.0300			
--Friday	1.0300	1.0300	1.0300	1.0300		1.0300	1.0100
--Weekly Average**	1.0300	1.0300	1.0300	1.0300			
-- GRADE A							
--Monday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Tuesday	#	1.0300	1.0300	1.0300			
--Wednesday	1.0300	1.0300	1.0300	1.0300			
--Thursday	1.0300	1.0300	1.0300	1.0300			
--Friday	1.0300	1.0300	1.0300	1.0300		1.0300	1.0500
--Weekly Average**	1.0300	1.0300	1.0300	1.0300			

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

CME closed in observance of July 4th holiday.

JULY 2000 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
07/05	CARIBBEAN, CENT & S. AM	700	JUL-MAR	\$250
07/06	ASIA & FSU	6,100	JUL-MAR	\$266.38
07/06	AFRICA & MIDDLE EAST	400	JUL-FEB	\$280
07/06	CARIBBEAN, CENT & S. AM	2,500	JUL-MAR	\$225
07/07	AFRICA & MIDDLE EAST	200	JUL-DEC	\$230
07/07	CARIBBEAN, CENT & S. AM	900	JUL-DEC	\$179.44
07/11	CARIBBEAN, CENT & S. AM	800	JUL-DEC	\$80
07/11	ASIA & FSU	1,150	JUL-DEC	\$100
JULY 1 - 31, 2000		<u>12,750</u>		
CHEESE				
07/10-MJ	CARIBBEAN, CENT & S. AM	800	JUL-MAR	\$1,025
07/12-M	CARIBBEAN, CENT & S. AM	700	JUL-MAR	\$949
07/14-MJ	CARIBBEAN, CENT & S. AM	200	JUL-MAR	\$945
07/17-M	CARIBBEAN, CENT & S. AM	500	AUG-MAR	\$924
07/18-MJ	CARIBBEAN, CENT & S. AM	500	JUL-MAR	\$870
07/19-MJ	CARIBBEAN, CENT & S. AM	330	AUG-MAR	\$790
JULY 1 - 31, 2000		<u>3,030</u>		
NOTE: The program-year's allocation for cheese is filled.				
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V - VARIETAL				
BUTTERFAT				
JULY 1 - 31, 2000		<u>0</u>		
A-ANHYDROUS MILKFAT, B-BUTTER				
TOTAL MT				PROGRAM TO DATE
TOTAL BONUS VALUE				15,780
				\$5,692.000

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds.

SOURCE: FOREIGN AGRICULTURAL SERVICE

JULY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 2000 was unchanged at 120. Compared with July 1999, the index was up 5 points (4.3 percent). The index of prices received by farmers for dairy products advanced 4 points during the month of July 2000 to 97. Compared with July 1999, the index was down 9 points (8.5 percent).

Prices received by farmers in July with changes from June were: for All Milk, \$12.70 per hundredweight (cwt.), up \$.50; for Fluid Grade Milk, \$12.80 per cwt., up \$.50; and for Manufacturing Grade Milk, \$10.90 per cwt., up \$.60.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JULY 2000 WITH COMPARISONS

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		All hay baled 7/	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	JUNE		JULY		JULY		JULY		JULY	
	2000	1999 2/	2000 4/	1999 2/	2000 4/	1999 2/	2000 7/	1999 8/	2000	1999
CA	11.50	12.75	11.80	13.28	1,500	1,360	37.50	36.50	78.00	80.00
ID	10.50	12.10	11.40	13.80	1,400	1,350	38.50	34.00	92.00	86.00
MI	12.90	13.30	13.50	13.30	1,350	1,350	40.00	36.60	57.00	54.00
MN	11.90	12.97	12.70	14.38	1,260	1,260	42.50	39.10	55.00	62.00
NY	13.50	13.00	13.90	13.60	1,250	1,200	---	---	113.00	92.00
OH	12.60	13.00	13.20	13.30	1,300	1,270	40.00	36.00	94.00	88.00
PA	13.70	14.50	13.90	14.60	1,330	1,250	40.90	37.60	124.00	111.00
TX	13.30	13.50	14.40	14.40	1,380	1,310	37.30	36.50	76.00	70.00
WA	12.60	14.20	13.20	14.50	1,300	1,310	---	---	110.00	104.00
WI	11.30	12.63	11.80	14.27	1,300	1,300	41.60	38.90	30.00	48.00
U.S.	12.20	13.10	12.70	13.80	1,350	1,280	39.80	37.70	80.20	78.40

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., JULY 2000 WITH COMPARISONS

ITEM	JULY 1999	JUNE 2000 2/	JULY 2000 3/
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	13.80	12.20	12.70
Fluid grade milk	13.90	12.30	12.80
Manufacturing grade milk	13.40	10.30	10.90
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	95	99	98
Prices received by farmers for dairy products	106	93	97
Prices paid by farmers for commodities and services, interest taxes, and wage rates	115	120	120
Prices paid by farmers for production items	111	116	116
Prices paid by farmers for feed	97	104	101
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	3.61	2.94	3.39

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay.

SOURCE: "Agricultural Prices," Pr 1 (7/00), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,
FEBRUARY 2000, WITH COMPARISONS**

In February 2000, mailbox milk prices reported for selected Federal milk orders averaged \$11.63 per cwt., \$.21 less than the figure for the previous month. Compared to February 1999, mailbox milk prices decreased \$3.37 per cwt. on the average.

Editor's Note: The development of additional mailbox prices for sub-order areas is being investigated. Also, information for California has been added to this report; see 5/ for the source of this information.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	February 1999	January 2000	February 2000
	<u>Dollars per hundredweight</u>		
Northeast <u>3/</u>	15.48	12.08	11.96
Mideast	16.67	12.14	12.03
Appalachian	18.85	13.10	12.87
Southeast	18.10	11.87	11.64
Florida	20.32	14.88	14.91
Southeastern Average <u>4/</u>	18.85	12.83	12.66
Upper Midwest	13.04	11.42	11.04
Central	14.33	11.50	11.20
Southwest	14.85	12.06	11.77
Western	12.33	10.67	10.69
Pacific Northwest	14.42	11.26	11.20
Mountain Average <u>4/</u>	13.38	11.04	11.01
All-Market Average <u>4/</u>	15.00	11.84	11.63
California <u>5/</u>	14.18	10.88	10.72

1/ Federal milk orders for which information could be released. Previous year figures are the weighted average of the prices for the orders that were consolidated. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the market and is reported at the market average butterfat test. 3/ Includes the value of Northeast Dairy Compact over-order payments received by qualified producers. The over-order producer prices were: Feb. 1999 \$0.00; Jan. 2000 \$1.21; Feb. 2000 \$1.29.

4/ Weighted average of the information for the orders listed in the region or for all selected orders combined.

5/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JULY 31 - AUGUST 4			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/99	LAST YEAR	07/28/00	LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	1,162,919	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	5,583,600	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	6,746,519	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	10,036,606	380,965	9,655,641	416,010,419	170,797,200	-0-	-0-
Fortified	1,575,669	-0-	1,575,669	9,261,129	1,837,645	-0-	-0-
TOTAL	11,612,275	380,965	11,231,310	425,271,548	172,634,845	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	<u>BASIS</u>	<u>SOLIDS</u>		<u>BASIS</u>	<u>SOLIDS</u>
WEEK OF JULY 31 - AUGUST 4, 2000 =	2.5	130.7	COMPARABLE WEEK IN 1999 =	0.3	17.9
CUMULATIVE SINCE OCTOBER 1, 1999 =	155.8	5,017.0	CUMULATIVE SAME PERIOD LAST YEAR =	38.0	2,009.5
CUMULATIVE JANUARY 1 - AUGUST 4, 2000 =	144.6	4,423.8	COMPARABLE CALENDAR YEAR 1999 =	38.0	2,008.3

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JULY 31 - AUGUST 4, 2000 (POUNDS)

	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	-85,979	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	9,741,620	1,575,669
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/99 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
MIDWEST	-0-	-0-	6,665,991	-0-	44,652,579	15,434,971	45.8	8.9
WEST	-0-	-0-	80,528	-0-	375,678,709	157,199,874	53.5	91.1
EAST	-0-	-0-	-0-	-0-	4,940,260	-0-	0.7	0.0
TOTAL	-0-	-0-	6,746,519	-0-	425,271,548	172,634,845	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 2000

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925

NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 07/15/00 & Comparable Week 1999 1/ 2/

Regions*											U.S. TOTAL	% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10					
	: WEEK : SINCE JAN 1										WEEK :	SINCE JAN 1			
2000-Dairy cows	HD (000)	0.2	0.9	5.6	4.8	20.0	2.4	0.7	0.6	10.4	2.9	48.6	1,438.8	46.9	48.7
1999-Dairy cows	HD (000)	0.3	0.9	6.4	5.5	16.6	2.5	0.5	8.4	2.2	45.9	1,398.0	44.9	45.8	
2000-All cows	HD (000)	0.2	1.1	7.9	14.5	28.4	14.8	13.2	3.4	13.9	6.3	103.7	2,951.6		
1999-All cows	HD (000)	0.3	1.1	8.9	14.0	23.2	15.1	17.0	3.6	12.0	7.0	102.2	3,054.9		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

BASIC FORMULA PRICE (BFP) (3.5% BF, \$/CWT, FOR COMPARISON PURPOSES ONLY)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63

FEDERAL MILK ORDER CLASS PRICES FOR 2000 (3.5% BF)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Class I 1/	10.90	10.71	10.84	10.93	11.48	11.70	12.46	11.95				
Class II	11.43	11.51	11.71	12.10	12.63	13.08	12.58					
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66					
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87					

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/fmor_announce.htm